

**PLAIN LANGUAGE STATEMENT OF REASONS
FOR PECO ENERGY COMPANY'S
REQUEST TO INCREASE ELECTRIC RATES**

PECO Energy Company ("PECO" or the "Company") has asked the Pennsylvania Public Utility Commission ("PUC") to increase its electric distribution rates by \$246.0 million, or 7.0% of its total electric operating revenues. Although the new rates are proposed to become effective on May 29, 2021, the Company expects that they will be suspended for investigation by the PUC until approximately January 1, 2022.

The main reasons PECO is asking for an increase in rates are:

- Between January 1, 2019 and December 31, 2022, the end of the fully projected future test year, PECO will have invested over \$3.1 billion in additional electric distribution plant.
- PECO last filed for an increase in electric base rates in March 2018. During the last three years, PECO has carefully managed operating and maintenance expenses. However, unavoidable increases have occurred in several areas, including the effects of inflation on material and contracting costs. In addition, PECO's customer load has declined since 2019, in large part due to the Company's pursuit of energy efficiency and conservation through Commission-approved programs.
- Without the requested rate relief, the Company's financial results would deteriorate further in 2022 and thereafter. This would jeopardize the Company's ability to appropriately invest in the infrastructure needed to maintain and improve its safety, reliability and customer-service levels. It would also have a negative effect on PECO's ability to maintain its current credit ratings, which would increase its financing costs.

PECO is filing all the supporting data required by the PUC's regulations, as well as the written statements of ten witnesses and numerous exhibits. All of the data and other information supporting PECO's rate increase have been prepared in ways that the PUC has approved in the past for PECO and other utilities.

In summary, the proposed increase in revenues is the minimum necessary to enable the Company to appropriately invest in the infrastructure needed to maintain and improve its safety, reliability, and customer-service levels.